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## BUDGET DIVISION

### THE BUDGET PROCESS

The "Budget Process" is the main function of the Budget Division, and therefore we will describe in some detail the actual procedures involved in the process. This process affects all branches of the Division, and each branch performs certain phases of the work. This section of our report will not show in any one place the functions and/or responsibilities by organizational breakdown. Our description of the Process will cover (1) Budget Formulation, (2) Budget Execution, and (3) Budgetary Review and Analysis. The basic budget documents that will be referred to are (1) Preliminary Estimates, (2) Office Estimates, (3) Agency Estimates, (4) Congressional Budget, and (5) Operating Budget. In addition, we will refer to other procedures of the Division.

To accomplish this we are dividing this section of our report into the following sub-sections:

1. Circular No. A-11 Bureau of the Budget
  2. Bureau of the Budget call for annual budget estimates
  3. Comptroller intra-agency call for annual budget estimates
  4. Components prepare Preliminary Estimates
  5. Review by Budget Division of Preliminary Estimates
  6. Preliminary Estimates - recommendations by the Comptroller
  7. Preliminary Estimates - review by the Director
  8. Components prepare Office Estimates
  9. Budget Division prepares Agency Estimates
  10. Comptroller transmits "Agency Estimates" to the Bureau of the Budget.
  11. Bureau of the Budget acts on the "Agency Estimates"
  12. Action by the President
  13. Bureau of the Budget notifies Agency as to approved amounts, and Comptroller prepares Congressional Budget.
  14. Congress conducts hearings and makes appropriations.
  15. Operating Budget and Allocations
  16. Issuance of allotments
  17. Project approvals and allotments
  18. Use of allotments
  19. Budgetary review and analysis
1. Circular No. A-11 Bureau of the Budget

The preparation of annual budgets for all agencies of the Government must be in accordance with Bureau of the Budget Circular No. A-11, "Instructions for the Preparation and Submission of Annual Budget Estimates," unless a specific exception is made in writing by the Bureau of the Budget.

The budget estimates must be submitted to the Bureau of the Budget for the consideration of the President as early as possible in September and in no event later than September 30. This date applies not only to the formal estimates, but also to the supporting schedules, justifications,

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the statement of legislative program, and other material required in the budget submission.

Circular No. A-11 further provides that appropriation requests and detailed schedules for the budget year will conform to known policies of the President with respect to the specific programs and estimates involved.

2. Bureau of the Budget call for annual budget estimates

A letter is received each summer from the Budget Bureau advising the Agency as to any known policies of the President with respect to the specific programs and estimates involved. This letter serves as a call for the annual budget estimates in that it includes a request for the detailed budget requests to be submitted not later than September 30.

3. Comptroller intra-agency call for annual budget estimates

The Comptroller issues a memorandum in early May each year to all Offices, Staffs, and Operating Divisions calling for the Operating Budgets for the coming fiscal year and the Preliminary Estimates and Office Estimates for the succeeding fiscal year. This call for estimates provides that the budget submissions shall be forwarded through administrative channels to the Budget Division, Office of the Comptroller, in accordance with the following schedule:

Operating Budgets, coming fiscal year,  
and Preliminary Estimates for the  
succeeding fiscal year

In original and  
three copies not  
later than the  
middle of June

Office Estimates, succeeding fiscal  
year

In original and  
three copies not  
later than the  
middle of August

In this connection the Budget Division has distributed copies of a proposed Budget Manual to each Operating Office, Staff Office, and Operating Division. While the Manual only represents a proposed issuance which is still in the draft stage, it is being used for information and guidance until it is coordinated and becomes official policy. The material contained in this Manual (a draft Budget Regulation [ ] and a draft Budget Handbook [ ]) is being used as (a) a statement on policy, responsibilities and authorities, and (b) the detailed budgetary procedures to be followed in submitting the budget estimates called for by the memorandum.

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4. Components Prepare Preliminary Estimates

The Preliminary Estimates are prepared by components in accordance with the detailed procedures in Part II, Section 1, of the Proposed Budget Handbook [REDACTED]. This occurs about 13 months prior to the beginning of the fiscal year. These estimates are over-all office requirements presented on a program basis and are designed to help the Director make the final determination as to the direction and scope of the Agency programs.

Forms used in the preparation of these estimates are (a) Form 628, "Operating Budget, FY \_\_\_\_ Preliminary Estimates, FY \_\_\_\_ and (b) Form 629, "Explanation of Changes." The Preliminary Estimate represents a projection of the two previous Fiscal Years operations giving consideration to required adjustments.

5. Review by Budget Division of Preliminary Estimates

At this stage three of the five Budget Division Branches assist the components in preparing the Preliminary Estimates. The branches involved are Analysis Branch No. 1 (DD/P), Analysis Branch No. 2 (DCI-DD/I), Analysis Branch No. 3 (DD/S). After the Preliminary Estimates have been prepared by the components and subjected to final review by the three branches, they are forwarded to the Support Branch for summary purposes. The Support Branch prepares the following summaries which are sent to the Chief's Office, Budget Division, for final review and/or hearings with the components:

Director's Office Comparative Budget Estimates Fiscal Years  
(1957, 1958, 1959) (Includes DDC)

Plans Area Comparative Budget Estimates Fiscal Years  
(1957, 1958, 1959)

Intelligence Area Comparative Budget Estimates Fiscal Years  
(1957, 1958, 1959)

Support Area Comparative Budget Estimates Fiscal Years  
(1957, 1958, 1959)

Summary of Position Data - By Major Components

6. Preliminary Estimates - Recommendations by the Comptroller

After approval by the Chief, Budget Division, and the Comptroller, several memoranda are prepared by the Comptroller for the Project Review Committee and the DCI on or about August 1. One includes recommendations as to "Preliminary Budget Estimates" and the other includes recommendations as to position ceilings for use in the preparation of the Budget Submission for the budget year. These Preliminary Estimate recommendations are routed through the Project Review Committee for their approval prior to being presented to the DCI for his approval.

7. Preliminary Estimates - Review by the Director

A meeting is held with the DCI on or about August 1 at which time he reviews the summarized Preliminary Estimates and recommended Position Ceilings. The Director at this time establishes a budget ceiling for the Agency both moneywise and for position ceilings, and if any downward or upward revisions are made by the Director, then changes are made in the Preliminary Estimates for the major components. After this is accomplished, the Director approves Budget allowances for each component. Inasmuch as the representatives of the major components are present at the meeting with the DCI, they are aware of their allowances, and therefore the Comptroller does not officially advise them as to their allowance.

8. Components Prepare "Office Estimates"

In actuality most of the data required for the "Office Estimates" is prepared by the components when they develop their "Preliminary Estimates" because this detail is used at the Office, Staff, and Operating Division level to evaluate and support the summary figures presented in the Preliminary Estimates. However, once the allowances are made to the components, it is necessary to revise the budget detail to conform to the allowances. This detailed submission is called the "Office Estimates" and is used to support the budget which the Agency will present to the Bureau of the Budget and the Congress.

"Office Estimates" are comprised of three types of information namely (a) activity data, (b) Organization Unit data, and (c) Object Class data. The detailed data to be submitted by components is prescribed in Part II, Section 2, of the Proposed Budget Handbook.

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"Office Estimates" are completed by components about ten-and-a-half months prior to the beginning of the budget year.

During this period of preparation three of the five Budget Divisions namely, Analysis Branches No. 1, No. 2, and No. 3, assist the components and perform a final review of the "Office Estimates" for conformance with Agency policy. The data is then sent to the Support Branch for summarization.

9. Budget Division prepares "Agency Estimates"

The Support Branch summarizes the data received from Analysis Branches No. 1, No. 2, and No. 3, and this summarization automatically becomes the "Agency Estimates." "Agency Estimates" represent the consolidated Agency budget prepared by the Comptroller based on the Office Estimates. The Agency Estimates are in much more detail than the Preliminary Estimates and are designed not only to present the program requirements but to give the organizational and object support of those requirements. The actual budget document is entitled "Estimate of Requirements Fiscal Year \_\_\_\_" rather than "Agency Estimates."

Contained in this budget document are the following:

Summary of Obligations by Object Class (All funds - by office)  
Summary of Obligations by Object Class (All funds - geographic area by office)  
Summary of Obligations by Object Class (Vouchered Funds - geographic area by office)  
Summary of Obligations by Object Class (Unvouchered Funds - geographic area by office)  
Summary of Personnel Requirements (All funds by office)  
Summary of Personnel Requirements (All funds by geographic area)  
Summary of Personnel Requirements (Vouchered funds - geographic area by office)  
Summary of Personnel Requirements (Unvouchered funds - geographic area by office)  
Program and Financing  
Obligations by Objects  
Summary of Budget Authorizations Available  
Summary of Expenditures and Balances  
Comparative Summary of Budget Requirements by Office  
Summary of Positions and Obligations  
Supplemental Schedules  
Explanation of Changes  
Sections by Offices, Staffs, and Divisions including (a) Introductory Statement, (b) Budget Activity Statement, (c) Narrative Justification, and (d) Position and Average Employment Statement.

10. Comptroller transmits "Agency Estimates" to the Bureau of the Budget

On or before 30 September the Comptroller transmits a copy of the Agency Estimates to the Bureau of the Budget in accordance with the provision of Circular No. A-11. Also a copy of the document entitled "Organization Charts and Functional Statements" is submitted.

11. Bureau of the Budget Acts on the "Agency Estimates"

The Bureau analyzes the "Agency Estimates," holds hearings, and makes recommendations to the President.

12. Action by the President

The President makes the final decision as to the amount that will be recommended to the Congress.

13. Bureau of the Budget notifies Agency as to approved amounts, and Comptroller prepares Congressional Budget

The Comptroller makes necessary adjustments, in collaboration with the offices concerned, in the Agency Estimates, secures approval of DCI, and notifies components of the amount to be included in the Congressional Budget. The components assist the Comptroller in preparing the Congressional Budget.

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14. Congress conducts hearings and makes appropriations

Agency officials, in the conduct of hearings before the congressional committee, utilize the budget document "Congressional Budget" as well as other condensed versions. The appropriation committees advise the Agency in writing as to the amounts of appropriations.

15. Operating Budget and Allocations

The Comptroller requests the components to prepare their "Operating Budget Estimates" for the coming fiscal year at the same time that he requests them to prepare their "Preliminary Estimates" for the budget year. This stage occurs less than one month before the beginning of the fiscal year. The Comptroller holds hearings with components to determine the validity of fund requests and then prepares the unified Agency "Operating Budget" and submits it through the Project Review Committee to the Director who determines the allocations of funds, subject to adjustment by the Comptroller with the concurrence of the Deputy Director concerned, to each major component. The total allocations cannot exceed the funds available to the Agency for obligation purposes. These allocations constitute the over-all planning authority limitation of activities within each major component.

16. Issuance of Allotments

The operating official of a component determines the distribution of his allocation and files Form No. 1045, "Request for Distribution of Allocation," with the Budget Division. The Comptroller then issues allotments on Form 716, "Advice of Allotment and Property Withdrawal Authorization," within approved allocations to components.

17. Project Approvals and Allotments

Project approvals must be within approved allocations and processed in accordance with Regulations

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18. Use of Allotments

Components receive allotments, conduct operations, and request revisions of allotments as necessary.

19. Budgetary Review and Analysis

The Comptroller reviews execution which consists of a continuous analysis of actual operations in relation to planned budgeted operations using the "Summary of Obligations" reports prepared by the components and the IBM run on "Status of Allotments" received each month from Finance and Fiscal Divisions.